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✓ Master Set.
✓ Afgh. Sitn.
Middle East Sitn
Iran Sitn.

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF AUSTRALIA, MR. MALCOLM FRASER, AT NO.10 DOWNING STREET ON 4 FEBRUARY, 1980, AT 12 NOON

Present:

Prime Minister	The Rt. Hon. Malcolm Fraser
Foreign and Commonwealth Secretary	The Hon. Michael MacKellar
Sir Robert Armstrong	Sir G. Yeend
Sir Michael Palliser	Mr. P. Henderson
Sir Frank Cooper	Mr. W. Pritchett
Mr. Hugh Cortazzi	Mr. R. Fernandez
Mr. Michael Alexander	

Post-Afghanistan Situation

In reply to a question from the Prime Minister, Mr. Fraser said that he had detected in the United States a new sense of determination and unity. A number of senior American politicians (Mr. Fraser mentioned Messrs. Muskie and Javits) had told him that the sense of cohesiveness in the country and the determination not to be pushed around was greater than at any time since the war. Nonetheless the position of the United States remained a lonely one. They felt the need for friends and for support. Failing this, there was a risk that they would once more become introspective and self-questioning, and that the leadership they were now giving would falter. The Administration intended to build up the country's defensive capability. They were talking of making additional deployments in the Indian Ocean. At the same time there was a sharp realisation of the limits of their conventional power in that part of the world. A start had been made with the commitments given in President Carter's State of the Union Message, but much work would be needed to make those commitments credible. There would be a role here for a number of countries.

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The Australian Foreign Minister, Mr. Peacock, on his recent trip to South East Asia, had found the Governments there prepared to take a robust attitude - at least in private. However, they were conscious of the weakening of the American commitment to the area which had occurred in the latter stages of the Vietnam war, and which they associated with President Nixon's statement on Guam. They were doubtful about the United States' determination to face up to the Soviet Union. Once they had brought themselves to believe in this, they would be prepared to be more robust in public. Mr. Peacock had also seen Mrs. Gandhi. She had taken a less helpful line with him than she had done in her press conference after her meeting with the Foreign and Commonwealth Secretary. She had delivered a tirade against the United States whose role in Vietnam she had said was no different from that of the Soviet Union in Afghanistan. Mr. Fraser said that he expected continuing difficulties with India and Pakistan. The Foreign and Commonwealth Secretary said that Mrs. Gandhi was anti-American but not necessarily pro-Soviet. She was afraid of the Chinese. She had told President Giscard that she intended to play a leading role in the non-aligned movement. The Foreign and Commonwealth Secretary said that in his view there would be a considerable role for Western Europe and Australia in keeping India in play. The Americans had so far played the hand clumsily. The latest evidence of this was the imbalance in the delegations they had sent to Delhi and Islamabad. Mr. Clifford was a considerably less significant figure than Mr. Brzezinski.

The Prime Minister said that she agreed with what Mr. Fraser had said about the United States. It was essential that the West stick together in the face of recent events. The Soviet Union's action in Afghanistan did not represent a change of policy. But it had served to reveal that policy to the world at large. What was now required was continuing condemnation and continuing watchfulness. It was no use expecting that the Soviet Union would change its policy. But resistance to the Soviet Union demanded that the West should stand together. We should highlight the threat to the right of the non-aligned to determine their own destiny.

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Mr. Fraser repeated that he saw the critical element in the situation as being the need to bring home to the Russians the reality of President Carter's State of the Union Message. He did not himself see how the United States could in the present circumstances defend the Persian Gulf. There would be attractions for the Russians in a move against the Gulf now. The Foreign and Commonwealth Secretary said that he did not think the immediate danger was the military one. The Soviet presence in Afghanistan gave them greatly enhanced possibilities for subversion, e.g. in Iran or South Yemen. The Prime Minister commented that the West had been very slow to focus on the need to develop techniques of counter-subversion. There was a considerable difference in the susceptibility of democratic and totalitarian states to subversion. Successful resistance by the countries of the Middle East to subversion would require an effort on their own part. Mr. Fraser said that whether the immediate challenge was subversive or military, he was concerned that the West's failure to respond would lead the states in the Middle East to regard the West as a spent force. Once they had reached that conclusion they would look for an accommodation with the Soviet Union. Moreover, the judgement of the Soviet Union as to how far they could force matters in the Middle East was not to be relied upon. It looked as though they had miscalculated the effects of the invasion of Afghanistan. They could easily make another miscalculation about the ability and will of the Americans to resist a move, for example, into Iran. The Foreign and Commonwealth Secretary said that Messrs. Kissinger and Bush did not agree that the Soviet invasion had been the result of a miscalculation. They argued that the Russians knew they at present enjoyed superior military strength, and that the next two or three years would offer them a unique opportunity to exploit that superiority. Mr. Fraser repeated that whichever analysis was correct, the vital thing now was to ensure that President Carter's position was credible.

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Mr. Fraser asked about the attitudes of the Europeans. He argued that the threat in Europe was now less pressing than that elsewhere. In Europe the demarcation lines were clearly drawn. Elsewhere the situation was less well defined, and the options for Soviet action and mischief-making were much greater. Moreover, whereas action in Europe would certainly meet a united response by the Allies, this was much less likely in other parts of the world. The Foreign and Commonwealth Secretary said that he had spent some time in the previous two days discussing the situation with the French Foreign Minister. M. Francois Poncet. The French analysis was exactly the same as his own. The only difficulty was that they did not wish to be seen to be following the lead of the Americans. In retrospect, it had perhaps been a mistake not to have summoned a meeting of the Foreign Ministers very shortly after the invasion of Afghanistan, and to have attempted to elaborate a joint reaction before individual Western Governments had taken up their positions. As regards the Germans, their position was different in certain important respects to the other Western Allies: the Germans had to deal with the problem of the GDR, of Berlin, of Ostpolitik and of the impending elections. They agreed with our analysis, but might not respond in the same way. Both France and Germany clearly recognised the Soviet threat to the Middle East oil fields, to the Straits of Hormuz and to access to the Red Sea.

In response to a question from the Prime Minister about the next steps, Mr. Fraser said that Australia intended to play its part. They would be participating in extended patrolling and surveillance of the Indian Ocean from Tangeh and Butterworth. (The Australians had been planning to withdraw from Butterworth next year following the acquisition of new fighter aircraft, but were now reconsidering the situation.) They would probably be expanding their armed forces generally. A decision in principle had been taken. They would be building up their own naval bases, and might be offering the Americans the use of one in Western Australia

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They would be offering additional exercise facilities for the Americans in Australia. (Mr. Fraser specifically mentioned facilities for the B52 bomber.) They would be offering additional training for members of ASEAN. Australian civil aid to the small nations of the South Pacific would be stepped up, and opportunities for the Russians to interfere there reduced. Permission for Soviet cruise ships to operate in the area had been withdrawn. The Australian Government would also like to discuss with the American and British Governments the possibility of drawing up an embargo on the export of certain strategic raw materials similar to that operated under the COCOM rules in the sphere of high technology.

Mr. Fraser asked whether something could be done to breathe life into the 5 power defence arrangements. He had not spoken to the other signatories, but he thought that they would welcome the resuscitation of the agreement. There might be an increase in the number of visits by British naval vessels or a ship might be based in the area. Annual consultations might take place. The steps might not in themselves amount to much, but they would help to convince the ASEAN nations that the West meant what it said. Sir Frank Cooper recalled ^{that} the communique signed by the 5 powers in 1971, provided for a consultation among them in the event of a threat in the area. British military involvement in the region was at present very small. We carried out some training, and had participated in two exercises in the previous year. We intended to increase our naval presence somewhat this year. The options for the immediate future were either to increase the amount of training we carried out, which was a matter of priorities; or to increase the level of consultation, which was only meaningful if it led to something concrete. The Prime Minister said that the matter should be looked at. It could be of importance in what was at present essentially a psychological war. Mr. Fraser agreed that it was in this context that even modest action could be useful at present. No one was talking of re-establishing the joint task force. But more exercises, more visits and more consultation could be valuable. He noted

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in this connection that the forthcoming meeting of ANZUS had been brought forward and transferred from New Zealand to Washington.

The Prime Minister asked about the role of Japan. Despite that country's great wealth, Japan was not at present contributing to the defence of the free world.

Mr. Fraser said that even today visits by Japanese military vessels to ASEAN or Australian ports would cause difficulties. But there was no reason why they should not be active in the North West Pacific, and thereby free American ships for action elsewhere. Mr. Brown had argued strongly for this during his recent visit to Tokyo. A growing body of opinion in Japan was inclined to agree. The Japanese would be participating in exercises with the Canadians and Australians later in the year. Anything the British Government could do to encourage the Japanese in this direction, as well as in the direction of increasing their civil aid to the smaller Pacific States, would be welcome. It would of course be important to consult the ASEAN countries at every step.

Reverting to the Middle East, the Foreign and Commonwealth Secretary commented on the ambivalence of attitudes in the Middle East to United States military involvement there. On the one hand, Middle East Governments wanted the backing of the United States Government; on the other hand, they were reluctant to provide bases. Saudi Arabia would offer nothing; Oman might offer facilities, but would not be prepared to have any "white faces" there; Somali and Kenya might be prepared to do something; Diego Garcia was too far away. When one was considering the question of European re-involvement in South East Asia, it should be borne in mind that the Americans might wish to re-involve the Europeans in the Middle East as well. Sir Frank Cooper noted that the American attitude was very ambivalent at present. For many years they had been arguing that the Europeans should concentrate on Europe. Now, recognising how little they knew about the regions where the threat was increasing, they were seeking to interest the

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Europeans in problems outside Europe. Sir Michael Palliser said that the Arab/Israel dispute inevitably complicated the situation in the Middle East. The Foreign and Commonwealth Secretary said that the Americans had completely misunderstood the Arab reactions to the Camp David process. Mr. Linowitz was still hoping that pressure on the Israelis would make an autonomy agreement possible. But in fact such an agreement would have no effect on the Arabs. They wanted the Palestinian problem solved, and did not believe that this could be done on the Camp David basis. The Americans were blamed by the Arabs for the Israeli occupation of Arab lands, and as a result were equated with the Russians. Mr. Fraser wondered whether the Americans could not be persuaded to move towards the Arab position. Mr. Vance had accepted in discussion with him during his visit to Washington the need to be firmer than ever with Israel. The Foreign and Commonwealth Secretary said that he had been pressing the Americans for some time on this.

Iran

Mr. Fraser said that the Americans were approaching the hostage issue much more coolly now than previously. They were placing their hopes on the new President, Mr. Bani Sadr. They were not looking for further action before the forthcoming elections in Iran. The Foreign and Commonwealth Secretary noted that Mr. Cutler had, earlier in the day, been optimistic about the chances of progress.

The discussion ended at 1310, and the participants adjourned for lunch. The discussion there is recorded separately.

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